

Auditing Procedures Report v1.04

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Issued under Public Act 2 of 1968, as amended.

Unit Name	38th District Court	County	MACOMB	Type	OTHER	MuniCode	50-7-555
Opinion Date-Use Calendar	Jul 24, 2008	Audit Submitted-Use Calendar	Jul 28, 2008	Fiscal Year-Use Drop List	2008		

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No".

<input checked="" type="checkbox"/>	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/>	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input checked="" type="checkbox"/>	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/>	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/>	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/>	6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/>	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/>	8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
<input checked="" type="checkbox"/>	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/>	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
<input checked="" type="checkbox"/>	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input checked="" type="checkbox"/>	12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/>	13. Is the audit opinion unqualified?
	14. If not, what type of opinion is it? <input type="text" value="NA"/>
<input checked="" type="checkbox"/>	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/>	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/>	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input type="checkbox"/>	18. Are there reported deficiencies?
<input type="checkbox"/>	19. If so, was it attached to the audit report?

General Fund Revenue:	\$ 0.00
General Fund Expenditure:	\$ 0.00
Major Fund Deficit Amount:	\$ 0.00

General Fund Balance:	\$ 0.00
Governmental Activities Long-Term Debt (see instructions):	\$ 0.00

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (Reported deviations).

CPA (First Name)	Alan	Last Name	Panter	Ten Digit License Number	1101020708				
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CPA Firm Name	Abraham & Gaffney, P.C.	Unit's Street Address	16101 Nine Mile Road	City	Eastpointe	LU Zip	48021		

**38th District Court Funds
City of Eastpointe, Michigan**

FINANCIAL STATEMENTS

June 30, 2008

38th District Court Funds
City of Eastpointe, Michigan

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June 30, 2008

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Principals

Dale J. Abraham, CPA
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INDEPENDENT AUDITOR'S REPORT

Honorable Judge Norene Redmond
Chief Judge, 38th District Court
16101 Nine Mile Road
Eastpointe, Michigan 48021

We have audited the accompanying statement of assets and liabilities of the 38th District Court Funds as of June 30, 2008. This financial statement is the responsibility of the District Court's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note A, the financial statement presents only the 38th District Court Funds, and does not purport to, and does not, present fairly the financial position of the City of Eastpointe, Michigan, as of June 30, 2008, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the respective financial position of the 38th District Court Funds as of June 30, 2008, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statement taken as a whole. The accompanying other supplementary information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statement. The other supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statement and, in our opinion, is fairly stated in all material respects in relation to the basic financial statement taken as a whole.

The accompanying financial statement of the 38th District Court Funds does not present a management's discussion and analysis (MD&A), which would be an analysis of the financial performance for the year. The Governmental Accounting Standards Board has determined that this analysis is necessary to supplement, although not required to be a part of, the basic financial statement.

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

July 24, 2008

BASIC FINANCIAL STATEMENTS

38th District Court Funds

STATEMENT OF ASSETS AND LIABILITIES

June 30, 2008

		Agency Funds	
		Depository	Bond, Restitution, and Trust
ASSETS			
Cash		\$ -0-	\$ 57,045
LIABILITIES			
Due to:			
Others			
Bonds, restitution, and trust		\$ -0-	\$ 57,045

See accompanying notes to financial statements.

38th District Court Funds
City of Eastpointe, Michigan

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statement of the 38th District Court Funds (the "District Court") has been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The District Court is governed by one elected judge. There are no component units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District Court's more significant accounting policies are described below.

1. Reporting Entity

The accompanying financial statement presents only the Agency Funds of the 38th District Court, and does not purport to, and does not, present fairly the financial position of the City of Eastpointe, Michigan, as of June 30, 2008, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America, nor does it include other revenue sources attributable to the District Court's operations (i.e., judicial salary subsidy, juror reimbursements, drunk driving caseflow, and drug caseflow reimbursements). The receipts and disbursements of the Agency Funds of the District Court are accounted for with a separate set of self-balancing accounts that comprise its assets and liabilities.

2. Basis of Presentation

The funds of the 38th District Court are Agency Funds. The financial activities of the funds are limited to fine and fee collections that are transferred to applicable agencies (City of Eastpointe, State of Michigan, Macomb County, others as noted) when processed and bonds, trust, and restitution collections that are subsequently returned or paid to third parties by the District Court. The funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

The operations of the District Court are included as a separate activity in the General Fund of the City of Eastpointe. The District Court Funds are included as fiduciary funds in the basic financial statements of the City of Eastpointe as of and for the year ended June 30, 2008.

3. Cash

The District Court Funds' cash consists of checking accounts, with balances totaling \$57,045 at June 30, 2008.

NOTE B: CASH

In accordance with Michigan Compiled Laws, the District Court is authorized to invest in the following investment vehicles:

1. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
2. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a State or nationally chartered bank or a State or Federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and which maintains a principal office or branch office located in this State under the laws of the State or the United States, but only if the bank, savings and loan association, savings bank, or credit union is eligible to be a depository of surplus funds belonging to the State under section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of Michigan Compiled Laws.

38th District Court Funds
City of Eastpointe, Michigan

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

NOTE B: CASH - CONTINUED

3. Commercial paper rated at the time of purchase within the three (3) highest classifications established by not less than two (2) standard rating services and which matures not more than 270 days after the date of purchase.
4. The United States government or federal agency obligations repurchase agreements.
5. Bankers' acceptances of United States banks.
6. Mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

Federal Deposit Insurance Corporation (FDIC) regulations provide that deposits of governmental units are to be separately insured for the amount of \$100,000 for deposits in an insured bank for savings deposits and \$100,000 for demand deposits. Furthermore, if specific deposits are regulated by statute or bond indenture, these specific deposits are to be separately insured for the amount of \$100,000. Michigan Compiled Laws allow for collateralization of government deposits, if the assets for pledging are acceptable to the State Treasurer under Section 3 of 1855 PA 105, MCL 21.143, to secure deposits of State surplus funds, securities issued by the Federal Loan Mortgage Corporation, Federal National Mortgage Association, or Government National Mortgage Association.

Deposits

There is a custodial credit risk as it relates to deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District Court's deposits may not be returned to it. As of June 30, 2008, the carrying amount of the District Court's deposits was \$57,045 and the bank balances totaled \$234,398. As of June 30, 2008, the bank accounts were insured by the FDIC for \$100,000 and the amount of \$134,398 was uninsured and uncollateralized.

OTHER SUPPLEMENTARY INFORMATION

38th District Court Funds

SCHEDULES OF CASH RECEIPTS AND DISBURSEMENTS

Year Ended June 30, 2008

Depository Account	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
ASSETS				
Cash				
Fines and costs	\$ -	\$ 2,514,759	\$ 2,514,759	\$ -0-
Interest	-	3,127	3,127	-0-
	<u>\$ -0-</u>	<u>\$ 2,517,886</u>	<u>\$ 2,517,886</u>	<u>\$ -0-</u>
LIABILITIES				
Due to:				
State of Michigan				
Department of Treasury	\$ -	\$ 571,618	\$ 571,618	\$ -0-
Secretary of State	-	28,058	28,058	-0-
Macomb County	-	18,478	18,478	-0-
City of Eastpointe				
General receipts	-	1,812,754	1,812,754	-0-
Interest	-	3,127	3,127	-0-
Others				
Amercian Credit Association	-	83,306	83,306	-0-
ABN/AMRO	-	545	545	-0-
	<u>\$ -0-</u>	<u>\$ 2,517,886</u>	<u>\$ 2,517,886</u>	<u>\$ -0-</u>
Bond, Restitution, and Trust Account				
ASSETS				
Cash	<u>\$ 72,756</u>	<u>\$ 694,056</u>	<u>\$ 709,767</u>	<u>\$ 57,045</u>
LIABILITIES				
Due to others (open bonds)	<u>\$ 72,756</u>	<u>\$ 694,056</u>	<u>\$ 709,767</u>	<u>\$ 57,045</u>